Government of Saskatchewan

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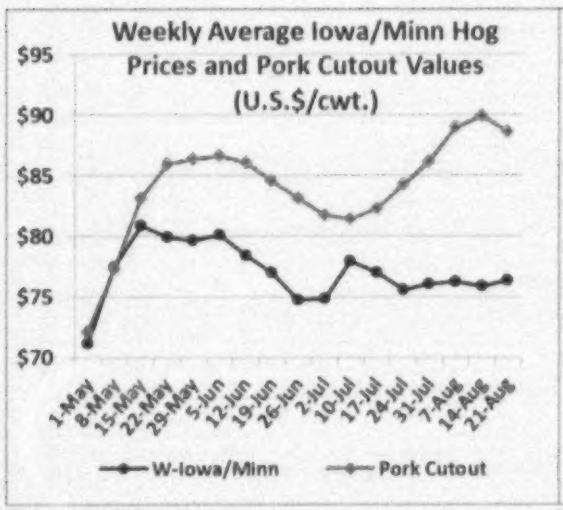
Weekly Hog Report

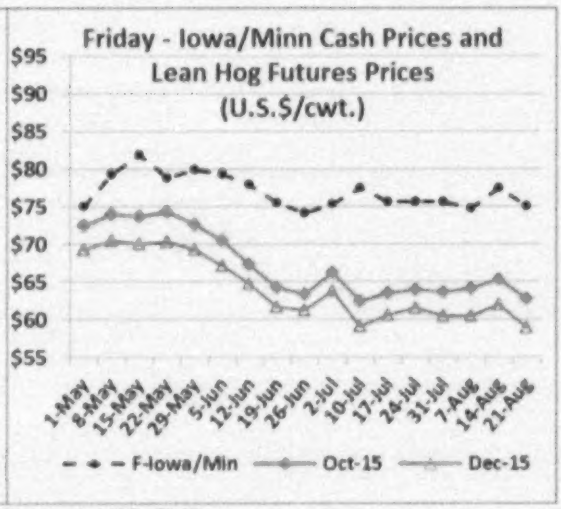
August 24, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were mixed last week, higher early in the week declining Thursday and Friday to end the week lower, week-over-week. Hog prices on Friday August 21 averaged US$75.98 per cwt, down US$2.33 per cwt from US$77.37 per cwt the previous Friday. The negotiated base price last week averaged US$76.31 per cwt, up US$0.48 per cwt from US$75.83 per cwt the previous week. Pork cutout values declined late in the week as the general Asian markets were volatile and lower likely adding some pressure on hog prices later in the week.



Source: LMIC



Source: LMIC, CME

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 21, 2015 was $181.04 per ckg, down $2.71 per ckg or 1.5 per cent from $183.75 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $183.93 per ckg, up $4.26 per ckg or 2.4 per cent from the previous weeks' average price of $179.67 per ckg. The Canadian dollar was mixed last week but edged lower on continued global economic uncertainties to close Friday at 75.94 cents; down 0.45 cents from the previous Friday's close of 76.39 cents.

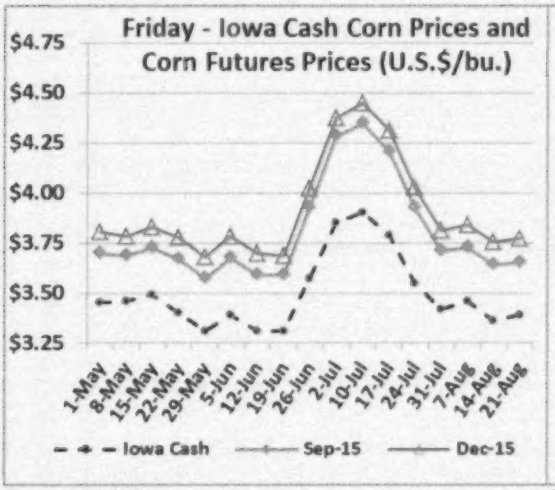
Futures Markets

Lean hog futures daily prices were lower last week to end the week lower, week-over-week. The nearby October contract declined US$2.500 per cwt to settle Friday at US$62.825 per cwt, while the December contract declined US$2.950 per cwt to settle

Friday at US$59.00 per cwt. Lean hog futures soften likely on overall weaker economic data particular from China. Current cash hog prices remain over US$12 per cwt higher than the October futures contract and almost US$16 per cwt higher than the December futures contract.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$19.04 per head, down US$2.02 per head from US$21.06 per head the previous week. Feeders (40lb) were US$35.58 per head, up $3.04 per head from US$32.54 per head the previous week.



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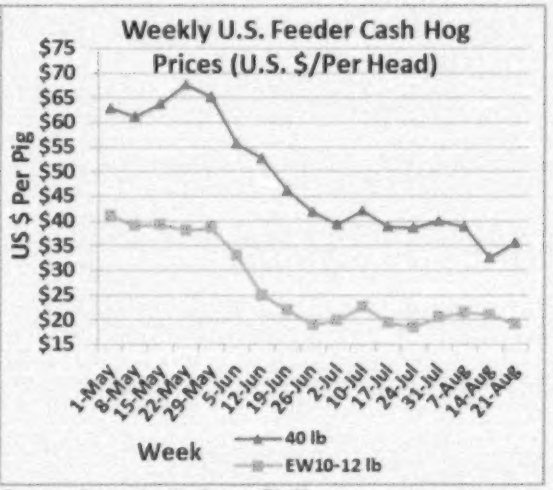


Source: Iowa Agriculture, CME

Iowa cash corn prices and the nearby corn futures edged higher last week. Iowa cash corn prices on Friday were US$3.39 per bushel, up three cents from US$3.36 per bushel the previous Friday. The September corn futures contract increased just over one cent to settle Friday at US$3.65¼ per bushel, while the December futures contract increased almost two cents to settle Friday at $3.77¼ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending August 22 were estimated at 2.226 million head, up 0.6 per cent from 2.213 million head the previous week, and up 11.2 per cent from 2.002 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 22 averaged 2.172 million head per week, up 11.1 per cent from 1.954 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter week ending August 15, 2015 were estimated at 407,547 head, up 8.3 per cent from 376,334 head the previous shorter holiday week, and up 3.3 per cent from 394,457 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending August 15, 2015, were estimated to average 396,768 head, up 4.2 per cent from 380,800 head over the same period a year ago. Year-over-year, Canadian hogs slaughtered are up 3.0 per cent, at 13.135 million head.

Meat Production

U.S. pork production for the week ending August 22, 2015 was estimated at 466.0 million lb., up 0.5 per cent from 463.9 million lb. the previous week, and up 9.8 per cent from 424.3 million lb. the same week a year ago. Pork production over the last four weeks ending August 22 was estimated to average 454.6 million lb., up 9.4 per cent from 415.5 million lb. over the same four week period a year ago.

U.S. beef production for the week ending August 22 totaled 446.0 million lb., up 0.4 per cent from 444.4 million lb. the previous week, but down 8.0 per cent from 485.0 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 15, 2015, was estimated to average 1.983 billion lb., up 2.6 per cent from 1.933 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2015 is estimated to be up 3.8 per cent compared to the same period in 2014.

United States Weekly Meat Production

(Aug. 15) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	408.6	447.9	9.6%	7.7%
Beef	465.5	441.7	-5.1%	-4.2%
Chicken	925.7	973.7	5.2%	6.9%
Turkey	133.4	119.8	-10.2%	-2.5%
Total	**1,933.1**	**1,983.1**	**2.59%**	**3.76%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending August 22, 2015 averaged US$88.59 per cwt, down US$1.38 per cwt or 1.5 per cent from US$89.97 per cwt the previous week, and down 17.6 per cent from US$107.54 per cwt from a year ago. Pork cutout values edged lower later in the week. Seasonally, pork cutout values typically trend lower into the fourth quarter with larger pork supplies; and this year will likely be no exception.

Choice beef cutout prices (600-900 lb.) averaged US$245.75 per cwt for the week ending August 22, 2015, up US$3.09 per cwt or 1.3 per cent from US$242.66 per cwt the previous week, but down 2.5 per cent from US$251.96 per cwt the same week a year ago. While beef cutout values are currently below year-ago record levels, cutout prices have increased over the last two weeks and are still well above the 10-year average.

Average chicken cutout values (Northeast breast) for the week ending August 22, 2015 averaged US$145.31 per cwt, up US$6.58 per cwt or 4.7 per cent from US$138.73 per cwt the previous week, but down 20.1 per cent from US$181.95 per cwt the same week a year ago.

Canadian Hog Inventory

Statistics Canada released the July 1, 2015 hog inventory numbers last week. Total inventory of hogs in Canada for July 1, 2015, was estimated to be 13,225,000 head, up 0.5 per cent from 13,165,000 head on January 1, 2015, and up 1.1 per cent from 13,075,000 head on July 1, 2015.

The Canadian market herd inventory on July 1, 2015, was estimated at 11,998,900 head, up 0.4 per cent from 11,946,400 head on January 1, 2015, and up 1.2 per cent from 11,859,000 head on July 1, 2014. Market inventory numbers have increased from a year ago in all weight classes.

The Canadian breeding herd, consisting of sows and bred gilts, was estimated at 1,202,900 head on July 1, 2015, up 0.6 per cent from 1,195,400 head on January 1, 2015, and up 0.8 per cent from 1,192,800 head on July 1, 2014. (Source: Statistics Canada)

In Saskatchewan, total hog inventory as of July 1, 2015, was estimated at 1,175,000 head, up 0.4 per cent from 1,170,000 head on January 1, 2015, and up 2.2 per cent from 1,150,000 head on July 1, 2014. Sow and bred gilt inventory as of July 1, 2015, was 101,300 head, up 2.8 per cent from 98,500 head on January 1, 2015, and up 5.1 per cent from 96,400 head a year ago. Increased sow numbers should help increase the number of hogs marketed in Saskatchewan in 2015. Sow numbers have increased primarily from repopulating some of the sow barns that were depopulated during the last downturn.

According to Statistics Canada data, the total number of pigs born in Canada during the first half (January-to-June) of 2015 was estimated at 15,865,800 head, up 3.5 per cent from 15,327,600 head the first half of 2014. In Saskatchewan the number of pigs born in the first half of 2015 was estimated at 1,268,100 head, up 4.3 per cent from the first half of 2014.

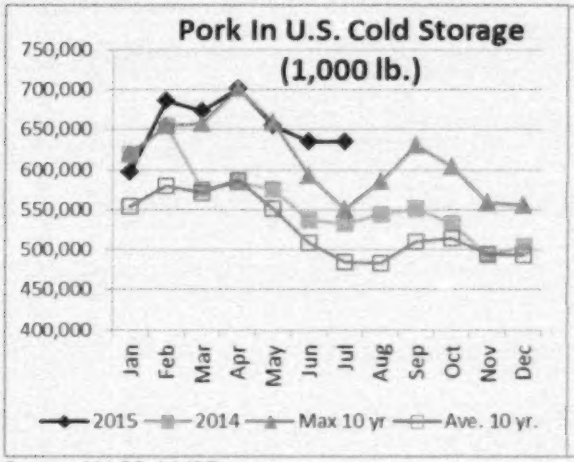
In Canada, the number of sows bred to farrow in the second half (July-to-December) of 2015 is estimated at 1,277,800 head, up 2.3 per cent from 1,249,200 head over the same period (second half) in 2014. In Saskatchewan, the number of sows farrowed in the first half of 2015 was estimated at 104,800 head, up 4.3 per cent from 100,500 head during the first half of 2014.

Meat In U.S. Cold Storage

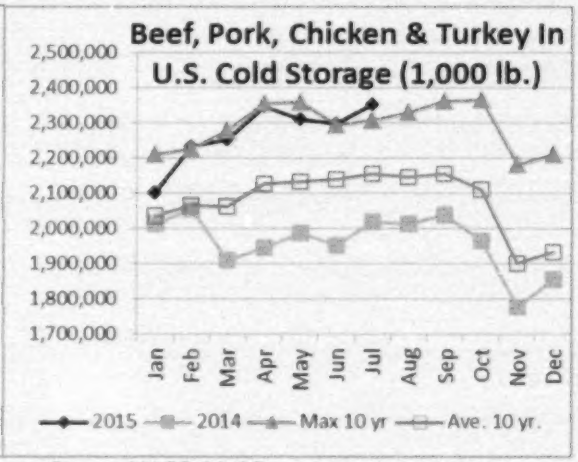
USDA released the latest U.S. cold storage numbers on August 21. The United States' pork stocks in cold storage totaled 635.2 million lb. on July 31, 2015, up slightly from 634.5 million lb. on June 30, 2015, but up 19.1 per cent from 533.3 million lb. a year ago. Hams and ribs in cold storage are significantly higher than year ago levels. U.S. pork stocks in cold storage are above average historical levels (10 yr.) for July and currently in the upper end of historical inventory levels.

The United States' beef stocks in cold storage totaled 455.1 million lb. on July 31, 2015, down 4.0 per cent from 474.2 million lb. on June 30, 2015, but up 23.7 per cent from 367.9 million lb. on July 31, 2014.

United States combined pork, beef, chicken and turkey stocks in cold storage totaled 2.352 billion lb. on July 31, 2015, up 2.5 per cent from 2.295 billion lb. on June 30, 2015, and up 16.5 per cent from 2.020 billion lb. on July 31, 2014. Total meat in cold storage for July 2015 was above the maximum storage level for July over the last ten years, but still below the maximum fall levels.



Source: NASS, LMIC



Source: NASS, LMIC

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